



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 5/16/2002

GAIN Report #CH2022

China, Peoples Republic of

Oilseeds and Products

Oilseeds Update

2002

Approved by:

John Wade

U.S. Embassy

Prepared by:

Ralph Bean/Rachel Matthews

Report Highlights:

Initial reports indicate that soybean planted area may not increase in MY 02. Soybean imports, which ceased on March 20 as a result of China's biotech management rules, now appear likely to resume in June. In the meantime, commercial soybean stocks are running out, and prices for soybeans and soybean meal are rising. The Ministry of Health recently announced its own labeling requirements for biotech products. The potential impact of these regulations on trade remains unclear.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Beijing [CH1], CH

Table of Contents

Soybeans and Products 1

Production, Supply and Distribution Tables 3

 Table 1. Soybeans 3

 Table 2. Soybean Meal 4

 Table 3. Soybean Oil 5

 Table 4. Rapeseed 6

 Table 5. Rapeseed Meal 7

 Table 6. Rapeseed Oil 8

 Table 7. Peanuts 9

 Table 8. Sunflowerseed 10

 Table 9. Sunflowerseed Oil 11

Soybeans and Products

Official statistics on MY 01 soybean production are still unavailable, but some sources believe that the crop was smaller than originally estimated. As a result, Post's estimate has been reduced to 15.3 MMT. Further revisions are likely once official statistics are published. With planting underway, estimates of MY 02 planted area vary widely. The Ministry of Agriculture continues to forecast an 8% increase in soybean acreage, citing current high prices. It should be noted however, that MOA made this forecast before prices began to climb. MOA has committed itself to a soybean recovery plan, designed to increase soybean acreage in place of corn. Most other sources believe that planted area is likely to fall. Current high prices have yielded few benefits for farmers, as most farmers sold their crop prior to March when prices were still extremely low. Chinese farmers typically make planting decisions based on prices they received for the previous years' crop, rather than the prices at planting time. Reductions in rail freight charges for soybeans have also come too late to benefit farmers this year. Therefore, Post is now forecasting a slight reduction in planted area. This is offset by a forecast increase in yields, which reflect a sharp improvement in weather compared with the same time last year.

Soybean trade remains difficult to predict. Implementation of China's biotech management rules brought trade to a standstill after March 20. The U.S. government negotiated an interim agreement, however, and it appears that trade is likely to resume in June using interim safety certificates. The interim agreement will expire on December 20, at which time the biotech regulations will go into full effect. Commercial stocks are already running low, and prices for soybeans and soybean meal have begun to rise. Post's current estimate for imports is 11 MMT. However, government sources continue to state their intention to limit imports to 10 MMT. An MOA-supported publication also recently stated that the Chinese government will limit soybean imports destined for northern China in an attempt to force mills in that area to use domestic soybeans. This may be an effort by MOA to bolster the soybean recovery plan, which otherwise appears to be lacking in resources. As noted above, initial reports indicate that farmers are not responding to MOA's calls for increased soybean production. If MOA is successful in limiting MY 01 imports, but not in increasing domestic production, trade will be likely to rebound in MY 02.

Trade sources report that quarantine officials have been surveying crush mills' storage capacity. These sources believe that the information will be used to prevent large mills from importing excess quantities of soybeans for resale to smaller mills. It also seems to indicate, however, that mills may be allowed to rebuild their commercial stocks. In the current climate of uncertainty, mills may try to rebuild stocks as quickly as possible to guard against the next interruption in trade. It is possible, however, that difficulties with import certificates could slow down trade enough to drag out stock rebuilding efforts into the next marketing year.

The current demand situation is another source of uncertainty. China's meat export sector has been hit by restrictions on Chinese meat and aquaculture exports by a number of countries, and the impact of disease problems in Japan and Korea is uncertain. Although meat and aquaculture for export represents a small proportion of China's overall meat and aquaculture production, it is a disproportionately large consumer of soybean meal. If the slowdown in soybean imports keeps prices high through the peak summer demand season, the increased costs could further undermine livestock and aquaculture production. This could feed back into soymeal demand, causing it to drop further. Trade sources indicate that soymeal prices are already high enough to stimulate increased interest in fishmeal imports.

The publication last week of biotech labeling regulations by the Ministry of Health (MOH) could complicate matters.

These regulations are scheduled to go into effect on July 1, and appear to have been drafted completely independently of MOA's biotech labeling rules. Industry sources claim that this represents an attempt by MOH to reclaim control of food labeling issues. Precisely what effect this is likely to have on trade is uncertain. While an initial reading of the rules indicates that MOH has not given consideration to the impact of these rules on trade, or to their compliance with WTO rules, MOH appears to be willing to modify their approach to prevent unnecessary disruptions to trade.

Production, Supply and Distribution Tables

Table 1. Soybeans

PSD Table						
Country:	China, Peoples Republic of					
Commodity:	Soybean					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	9200	9200	9100	9100	9300	9050
Area Harvested	9200	9200	9100	9100	9300	9050
Beginning Stocks	3170	3170	4910	4910	2590	2550
Production	15401	15401	15450	15250	16100	15750
MY Imports	13246	13246	11000	11000	14000	13600
MY Imp. from U.S.	6222	6222	5500	5000	6300	6100
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	31817	31817	31360	31160	32690	31900
MY Exports	208	208	150	200	210	200
MY Exp. to the EC	5	5	0	0	0	0
Crush Dom. Consumption	18900	18900	20600	20500	21900	21000
Food Use Dom. Consump.	6223	6223	6460	6350	6540	6520
Feed Waste Dom.Consum.	1576	1576	1560	1560	1600	1580
Total Dom. Consumption	26699	26699	28620	28410	30040	29100
Ending Stocks	4910	4910	2590	2550	2440	2600
TOTAL DISTRIBUTION	31817	31817	31360	31160	32690	31900
Calendar Year Imports						
Calendar Yr Imp. U.S.						
Calendar Year Exports						
Calndr Yr Exp. to U.S.						

Table 2. Soybean Meal

PSD Table						
Country:						
Commodity:	Soybean Meal					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	18900	18900	20600	20500	21900	21000
Extr. Rate	0.8095238	0.7936508	0.8009709	0.795122	0.7853881	0.7928571
Beginning Stocks	0	0	0	0	0	0
Production	15300	15000	16500	16300	17200	16650
MY Imports	100	96	30	30	100	100
MY Imp. from U.S.	0	1	5	1	1	1
MY Imp. from the EC	1	0	0	0		0
TOTAL SUPPLY	15400	15096	16530	16330	17300	16750
MY Exports	110	113	550	550	325	350
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	550	550	570	580	600	600
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	14740	14433	15410	15200	16375	15800
Total Dom. Consumption	15290	14983	15980	15780	16975	16400
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	15400	15096	16530	16330	17300	16750
Calendar Year Imports						
Calendar Yr Imp. U.S.						
Calendar Year Exports						
Calndr Yr Exp. to U.S.						

Table 3. Soybean Oil

PSD Table						
Country:						
Commodity:	Soybean Oil					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	18900	18900	20600	20500	21900	21000
Extr. Rate	0.1714286	0.1714286	0.1723301	0.1682927	0.173516	0.1714286
Beginning Stocks	280	280	280	280	240	250
Production	3240	3240	3550	3450	3800	3600
MY Imports	80	76	150	130	400	400
MY Imp. from U.S.	13	13	15	10	40	40
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3600	3596	3980	3860	4440	4250
MY Exports	60	60	50	60	100	100
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	3260	3254	3690	3550	4000	3850
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	3260	3256	3690	3550	4000	3850
Ending Stocks	280	280	240	250	340	300
TOTAL DISTRIBUTION	3600	3596	3980	3860	4440	4250
Calendar Year Imports						
Calendar Yr Imp. U.S.						
Calendar Year Exports						
Calndr Yr Exp. to U.S.					0	0

Table 4. Rapeseed

PSD Table						
Country:	China, Peoples Republic of					
Commodity:	Rapeseed					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	7750	7750	8050	8050	8500	8500
Area Harvested	7750	7750	8050	8050	8500	8500
Beginning Stocks	0	0	0	0	0	0
Production	11381	11381	11760	11760	12500	12750
MY Imports	2361	2361	1000	1000	600	750
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	156	156	250	250	200	200
TOTAL SUPPLY	13742	13742	12760	12760	13100	13500
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	12592	12592	11710	11560	11850	12250
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom.Consum.	1150	1150	1150	1200	1250	1250
Total Dom. Consumption	13742	13742	12860	12760	13100	13500
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	13742	13742	12860	12760	13100	13500
Calendar Year Imports		2969		1724		
Calendar Yr Imp. U.S.						
Calendar Year Exports		1		0		
Calndr Yr Exp. to U.S.						

Table 5. Rapeseed Meal

PSD Table						
Country:						
Commodity:	Rapeseed Meal					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	12592	12592	11710	11560	11850	12250
Extr. Rate	0.6210292	0.6210292	0.6208369	0.6219723	0.6160338	0.6204082
Beginning Stocks	0	0	0	0	0	0
Production	7820	7820	7270	7190	7300	7600
MY Imports	0	0	50	20	30	30
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	7820	7820	7320	7210	7330	7630
MY Exports	611	611	250	150	400	300
MY Exp. to the EC	22	47	20	20	30	30
Industrial Dom. Consum	4280	4280	4020	4060	3980	4200
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum.	2929	2929	3050	3000	2950	3130
Total Dom. Consumption	7209	7209	7070	7060	6930	7330
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	7820	7820	7320	7210	7330	7630
Calendar Year Imports	56	56	0	0		
Calendar Yr Imp. U.S.						
Calendar Year Exports	978	978	476	476		
Calndr Yr Exp. to U.S.					0	

Table 6. Rapeseed Oil

PSD Table						
Country:						
Commodity:	Rapeseed Oil					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	12592	12592	11710	11560	11850	12250
Extr. Rate	0.3414867	0.3414867	0.3373185	0.3356401	0.3400844	0.3346939
Beginning Stocks	0	0	0	0	0	0
Production	4300	4300	3950	3880	4030	4100
MY Imports	85	85	100	100	200	200
MY Imp. from U.S.	2	2	2	2	3	3
MY Imp. from the EC	0	0	30	30	50	50
TOTAL SUPPLY	4385	4385	4050	3980	4230	4300
MY Exports	68	68	20	20	40	40
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	4317	4317	4030	3960	4190	4260
Feed Waste Dom. Consum.	0	0	0	0	0	0
Total Dom. Consumption	4317	4317	4030	3960	4190	4260
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	4385	4385	4050	3980	4230	4300
Calendar Year Imports	68	68	49	49		
Calendar Yr Imp. U.S.						
Calendar Year Exports	54	54	54	54		
Calndr Yr Exp. to U.S.						0

Table 7. Peanuts

PSD Table						
Country:	China, Peoples Republic of					
Commodity:	Peanut					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	4600	4600	4945	4945	5020	4900
Area Harvested	4600	4600	4945	4945	5020	4900
Beginning Stocks	0	0	0	0	0	0
Production	10611	10611	10700	10700	10895	10650
MY Imports	1	1	1	1	1	1
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	10612	10612	10701	10701	10896	10651
MY Exports	627	627	730	730	750	750
MY Exp. to the EC	216	216	225	225	230	230
Crush Dom. Consumption	5066	5066	5060	5060	5100	4950
Food Use Dom. Consump.	4300	4300	4305	4305	4426	4350
Feed Seed Waste Dm.Cn.	619	619	606	606	622	601
Total Dom. Consumption	9985	9985	9971	9971	10148	9901
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	10612	10612	10701	10701	10898	10651
Calendar Year Imports						
Calendar Yr Imp. U.S.						
Calendar Year Exports						
Calndr Yr Exp. to U.S.						

Table 8. Sunflowerseed

PSD Table						
Country:	China, Peoples Republic of					
Commodity:	Sunflowerseed					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	1230	1230	1180	1180	1200	1200
Area Harvested	1200	1200	1180	1180	1200	1200
Beginning Stocks	0	0	0	0	0	0
Production	1954	1954	1770	1770	1857	1860
MY Imports	6	6	7	6	7	7
MY Imp. from U.S.	6	6	6	5	6	6
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1960	1960	1777	1776	1864	1867
MY Exports	37	37	40	40	40	40
MY Exp. to the EC	14	14	14	11	11	14
Crush Dom. Consumption	703	703	650	650	700	690
Food Use Dom. Consump.	1130	1130	1002	1001	1029	1049
Feed Waste Dom.Consum.	90	90	85	85	88	88
Total Dom. Consumption	1923	1923	1737	1736	1817	1827
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1960	1960	1777	1776	1857	1867
Calendar Year Imports						
Calendar Yr Imp. U.S.						
Calendar Year Exports						
Calndr Yr Exp. to U.S.					0	0

Table 9. Sunflowerseed Oil

PSD Table						
Country:						
Commodity:	Sunflowerseed Oil					
		2000		2001		2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Crush	703	703	650	650	700	690
Extr. Rate	0.227596	0.227596	0.2276923	0.2276923	0.2285714	0.2275362
Beginning Stocks	0	0	0	0	0	0
Production	160	160	148	148	160	157
MY Imports	0	0	0	1	1	1
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	160	160	148	149	161	158
MY Exports	0	0	0	1	1	1
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	160	160	148	148	160	157
Feed Waste Dom.Consum.	0	0	0	0	0	0
Total Dom. Consumption	160	160	148	148	160	157
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	160	160	148	149	161	158
Calendar Year Imports						
Calendar Yr Imp. U.S.						
Calendar Year Exports						
Calndr Yr Exp. to U.S.						